

Draft DG Strategic Plan: Overview and Status

*Presented at an Environmental and Energy
Infrastructure and Licensing Committee Hearing*



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Procedural Timeline for Implementing Plan...

- Development of such a plan endorsed by Commission in December 2001.
- Committee workshop held in February 5.
- Draft outline released March 22.
- Draft Committee report issued May 1.
- Written comments submitted May 15th.

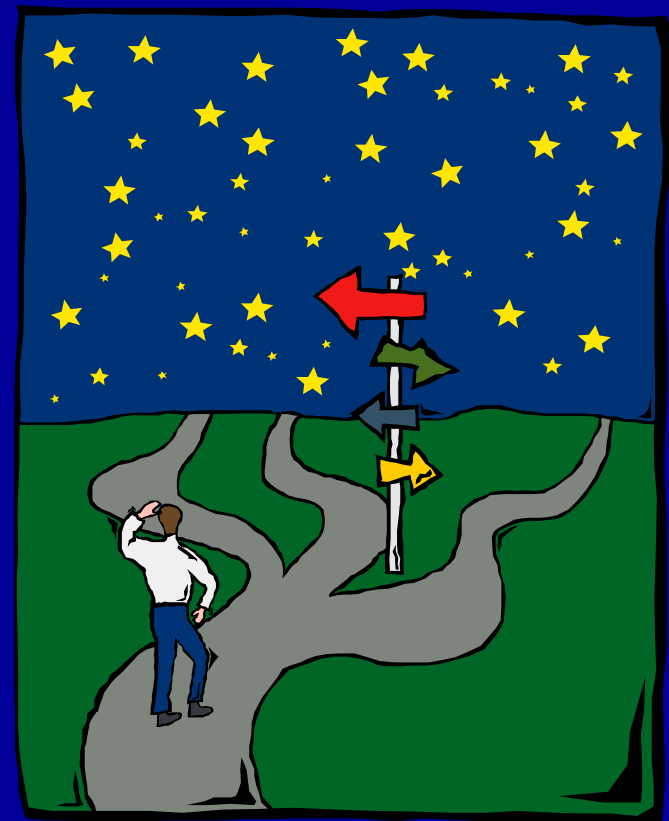
Adoption Scheduled for June 12.



Vision and Mission of Draft Plan

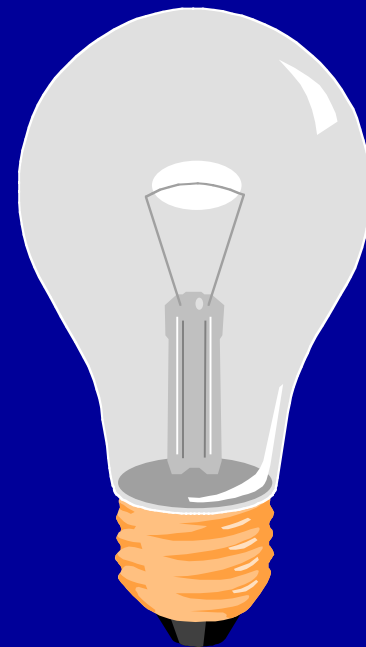
- Vision: DG will be an integral part of California's energy system.
- Mission: The Energy Commission will become the leader of a statewide effort to promote DG that benefits consumers, the grid, and the environment...

...PROVIDED IT MAKES SENSE
TO DO SO.



Basic Principles Driving Draft Plan

- Consumer Choice and Protection
- Recognize Need for Private Investment
- Environmental Protection
- Fuel and Technology Diversity

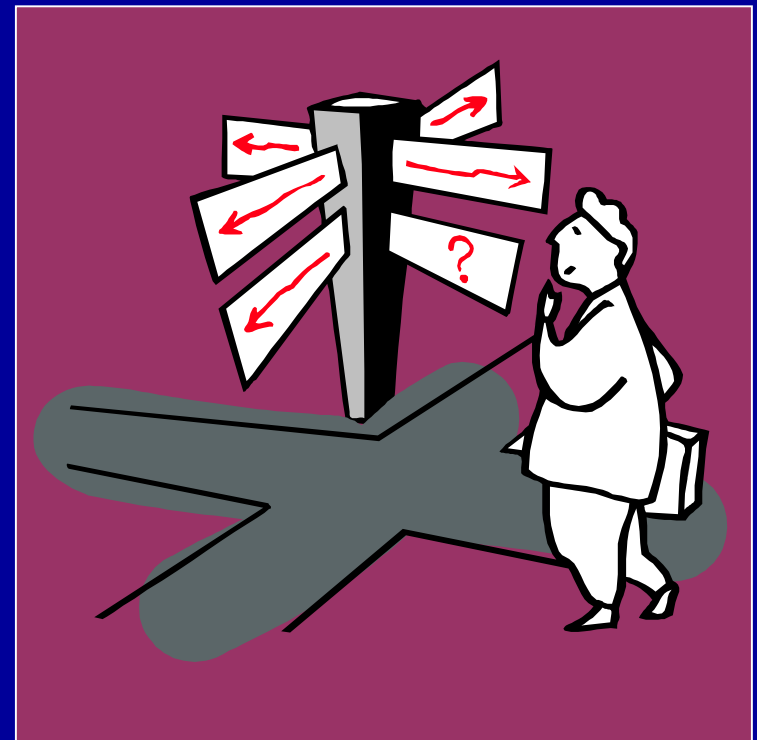


Agency Collaboration is Essential to the Future Success of the Plan!!!!



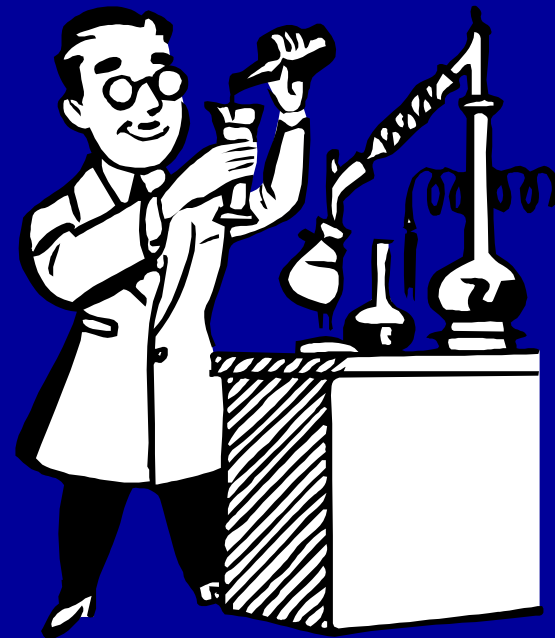
Goal #1: Develop Central Repository of DG Information

- Energy Commission serves as initial point of contact for general DG information in California.
- Develop database of all installations in California and publish non-confidential information on the website.
- Maintain current information on DG technologies and DG events.



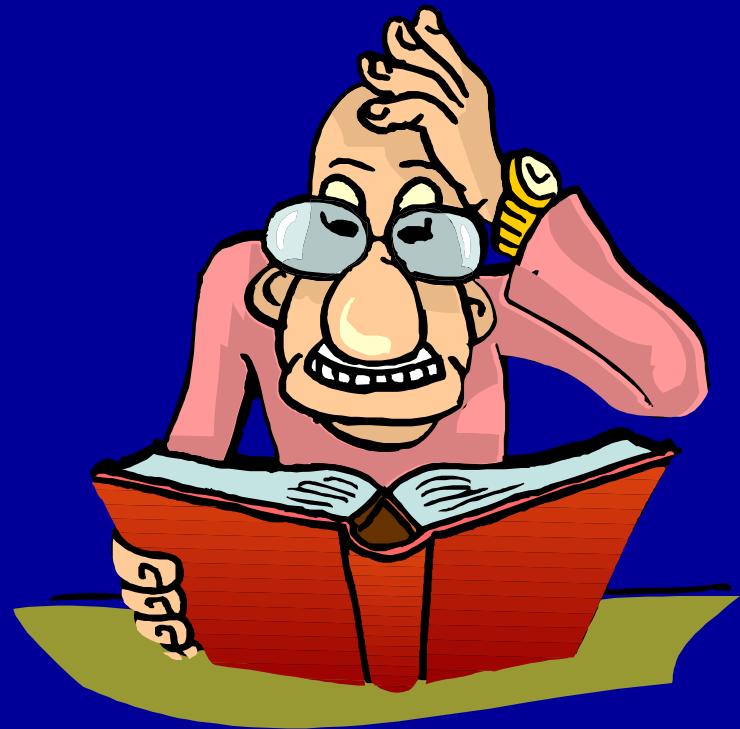
Goal #2: Fund Technical R&D That Assists in the Deployment of DG Technologies

- Assess how widescale DG deployment might impact grid.
- Conduct research that can be used by CARB in its 2005 mid-term review of air quality regulations.
- Determine DG impacts on the environment.
- Conduct research on virtual energy networks.



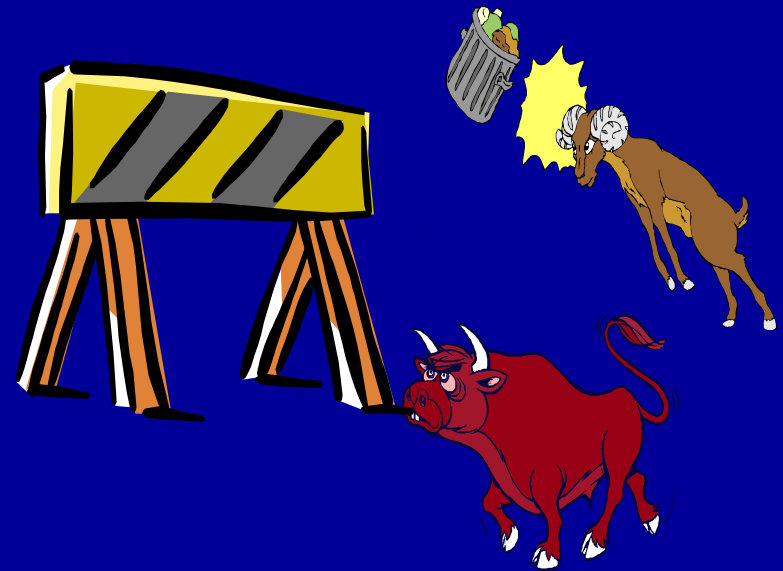
Goal #3: Undertake Analyses to Determine Market, Technological, and Regional Potential for DG in California

- Incorporate DG into Energy Commission forecasts.
- Assess microgrids.
- Assess potential impact of widescale deployment on natural gas infrastructure.
- Assess utility distribution system design philosophy.



Goal #4: Address Barriers to the Effective Deployment of DG in California

- Participate in policy debate regarding utility tariffs, demand charges, standby charges, and exit fees.
- Facilitate discussion surrounding net versus gross metering issue.
- Participate in debate regarding expanding net metering programs.
- Assess economic feasibility of 3rd party financing/ownership of DG with current level of government subsidies.



Goal #5: Create Regulations Designed to Minimize Conflicts Between Utilities and Developers

- Continue to develop and implement interconnection rules.
- Support publicly-owned utility adoption of Rule 21 interconnection standards.
- Support IEEE equipment certification.
- Develop DG design standards.



Goals #6-8...

- Provide incentives that encourage DG deployment with additional incentives for “environmentally preferred” technologies.
- Establish State Agency Coordination Group to optimize State’s handling of DG issues.
- Raise consumer awareness about DG.



If Things Go Well in the Near-Term...

- Implement Phase 2
 - Promote widescale deployment in the mid-term (5-10 years).
 - Make California's energy generation and delivery system the cleanest, most efficient, reliable, and affordable in the nation.



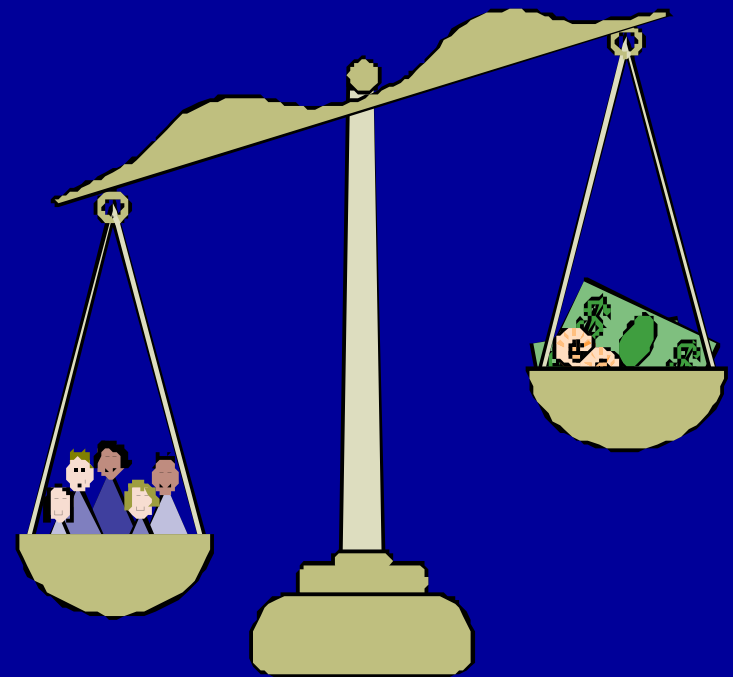
Parties Filing Comments on Draft Plan

- California Fuel Cell Collaborative
- Center for Energy Efficiency and Renewable Technologies/Natural Resources Defense Council
- Cummins West Inc.
- Kawasaki
- Mesa Verde Associates
- Pacific Gas & Electric
- Plug Power Inc.
- Edan Prabhu
- Real Energy
- Silicon Valley Manufacturing Group
- Southern California Edison
- Sustainable Conservation
- Tecogen and *AmericanDG*



Summary of Comments Raised in Draft Plan

- Most comments generally supportive of the draft plan.
- Some parties do have concerns or suggested improvements:
 - Energy Commission's role should be as a neutral bearer of DG-related information rather than an industry advocate.
 - Definition of DG should not include DSM.
 - 20% of all incremental generation in long-term to be DG is arbitrary and has no empirical basis.
 - Minor clarifications regarding DG technologies.
 - Net metering language clarification needed.



Next Steps

- Incorporate comments and issue final Committee report.
- Seek final approval of report at June 12th business meeting.

